

BILL NO. BL2019-1487 (MENDES) – This ordinance would require the Director of Finance to submit an annual report regarding lending fund transactions to the Metro Council.

On January 15, 2019, the Council adopted Resolution No. RS2019-1545 authorizing the retroactive issuance of up to \$391,666,020 in interfund tax anticipation notes of the Metropolitan Government in order to comply with state law and the requirements of the Comptroller of the State of Tennessee. In order to monitor future lending fund transactions, the current ordinance would establish an annual reporting requirement.

Currently, Section 5.04.110 of the Metro Code of Laws requires the Director of Finance to submit an annual debt report to the Council. The ordinance under consideration would add a requirement that a report summarizing all Lending Fund transactions be submitted to the Council no later than November 30 of each year.

A “Lending Fund” would include the Water & Sewerage Services Fund, Education Services Special Revenue Fund, Event and Marketing Fund, Farmers Market Non-Bonded Capital Project Fund, General Fund Reserve Fund, General Government Self Insurance Fund, Hotel Occupancy General Fund, Hotel Tourist Promotion Fund, Information Technology Services Fund, Injured on Duty Fund, Municipal Auditorium Fund, Office of Fleet Management Fund, Government Services Special Revenue Fund, School Self Insurance Fund, Solid Waste Operations Fund, Stormwater Operations Fund, and Surplus Property Auction Fund. The report would include (i) the total amounts borrowed from each Lending Fund in the preceding fiscal year; (ii) the identity of the specific Lending Funds that received funding borrowed from other funds; (iii) the total amounts reimbursed to any Lending Funds in the preceding fiscal year; and (iv) whether any balance remains owed or outstanding to any Lending Fund as of June 30th of the reporting calendar year.

Fiscal Note: This ordinance is in response to the unusual issuance last month of tax anticipation notes on a retroactive basis in the amount of three hundred ninety one million six hundred sixty-six thousand twenty dollars (\$391,666,020). It is possible that similar interfund tax anticipation notes will be required in the future. The reports as proposed by this ordinance would formalize an annual notification process to the Council when such notes are issued. The additional cost to the Finance Department to produce these reports should be minimal.